APPROVED by the General Meeting of Members of the Horse Breeding Development Association, Minutes No. 4 dated 10 February 2019.

REGULATIONS ON THE CONTROL COMMISSION OF THE HORSE BREEDING DEVELOPMENT ASSOCIATION

[The Russian original bears the Association's emblem, a round seal and a handwritten signature.]

Moscow, 2019

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Russian original

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1. General Provisions

1.1. These Regulations on the Control Commission of the Horse Breeding Development Association (hereinafter, respectively, the Regulations and the Control Commission) have been developed in accordance with Federal Law No. 315-ФЗ of 1 December 2007, 'On Self-Regulatory Organizations', other federal laws and regulatory legal acts of the Russian Federation, the Charter of the Horse Breeding Development Association (hereinafter, ARK), and ARK's internal documents.

1.2. The Regulations prescribe the procedure for establishing the Control Commission, the rights and duties of the Commission and its members, and its operating procedure.

1.3. The Control Commission shall perform its functions independently in accordance with the Regulations on Monitoring Members' Compliance with ARK Standards and Rules and ARK Membership Conditions (hereinafter, the Monitoring Regulations), approved by the Association's General Meeting of Members or ARK's Supervisory Council (hereinafter, the Supervisory Council).
The Control Commission is accountable to the Supervisory Council.

1.4. ARK, its employees and persons participating in the Control Commission's work are responsible for preventing the disclosure and dissemination of confidential information obtained during that work, in accordance with applicable legislation and ARK's internal documents.

1.5. ARK shall provide the material and technical support for the Control Commission's activities.

1.6. These Regulations are binding on all Control Commission members and on ARK employees, bodies and members.

2. Status and Powers of the Control Commission

2.1. The Control Commission is a permanent specialized collegiate body of ARK.

2.2. The Control Commission's purpose is to monitor ARK members' compliance with the requirements of ARK standards and rules for entrepreneurial activities and ARK membership conditions.

2.3. In its activities, the Control Commission shall be guided by the Constitution of the Russian Federation, the Civil Code of the Russian Federation, Federal Law No. 315-ФЗ of 1 December 2007, 'On Self-Regulatory Organizations', Federal Law No. 7-ФЗ of 12 January 1996, 'On Non-Profit Organizations', other federal laws and regulatory legal acts of the Russian Federation, ARK's Charter, these Regulations and ARK's other internal documents.

2.4. To achieve the purpose stated in clause 2.2 of these Regulations, the Control Commission has the powers to:

1) monitor ARK members' compliance with the requirements of ARK standards and rules for entrepreneurial activities and ARK membership conditions through scheduled and unscheduled inspections;
2) prepare inspection reports, findings and recommendations of the Control Commission and send them to the Supervisory Council for decisions;
3) formulate and submit to the Supervisory Council proposals to improve ARK's activities.

2.5. The Control Commission may:
1) use information in ARK's possession, including information databases, and request and obtain from ARK officials and bodies and ARK members the information necessary for the Commission's activities;
2) request assistance from the Supervisory Council and other ARK bodies in organizing the Commission's activities, including the involvement of specialists or experts in various fields.

2.6. The Control Commission shall report on its work to the Supervisory Council.

2.7. ARK's internal documents may prescribe other powers of the Control Commission.

3. Establishment and Composition of the Control Commission

3.1. The Control Commission shall consist of individuals who are ARK officials performing organizational, executive and administrative functions in monitoring ARK members' activities (hereinafter, Control Commission members). Representatives of ARK members may serve on the Commission.
Information on each Commission member's surname, first name, patronymic, where applicable, and position in the Commission, and changes to those particulars, shall be public and communicated to all ARK members by posting it on ARK's official website on the Internet information and telecommunications network. Information on a Commission member's education and qualifications shall be open to ARK members and may be provided at their request.

3.2. Representatives of an ARK member, ARK employees, and other individuals who are specialists or experts in ARK's field of activity may be Control Commission members.

3.3. Each ARK member may nominate no more than one representative to the Control Commission and recall that representative on the basis of a reasoned petition.

3.4. The Association's General Meeting of Members or the Supervisory Council shall determine the number and individual membership of the Control Commission, provided that its membership is an odd number and consists of at least 5 (five) members.

3.5. Control Commission members, including its Chair, shall be appointed and removed by a decision of the Association's General Meeting of Members

or the Supervisory Council, except in the cases prescribed by these Regulations.

3.6. By a Supervisory Council decision, Deputy Chairs may be appointed within the Control Commission to lead its activities in the Chair's absence.

3.7. Membership of the Control Commission may be terminated:
1) where an ARK member recalls or replaces its Commission representative, from the moment the Supervisory Council receives a written reasoned petition recalling or replacing that representative;
2) where a conflict of interest of a Commission member or that member's interest in monitoring activities is discovered, provided that the member has failed to perform the duties prescribed by clause 4.2 of these Regulations, from the moment of discovery;
3) where the ARK member represented by the Commission member withdraws from ARK, from the moment of withdrawal;
4) on a Commission member's personal written application, from the moment the Supervisory Council receives that application;
5) in other cases, by a reasoned decision of the Supervisory Council.

3.8. If a member's membership of the Control Commission ends, the Association's General Meeting of Members or the Supervisory Council shall appoint a new Commission member if necessary.

3.9. The Chair of the Control Commission shall:
1) provide overall direction of the Commission's activities and participate directly in them;
2) ensure the day-to-day performance of the Commission's functions;
3) allocate duties among Deputy Chairs, if any, and Commission members;
4) participate directly in inspections of ARK members' compliance with the requirements of ARK standards and rules for entrepreneurial activities and ARK membership conditions, including on-site inspections;
5) approve the schedule of Commission meetings;
6) sign the Commission's inspection reports, findings and recommendations and its other documents;
7) send the Commission's inspection reports, findings and recommendations to the Supervisory Council;
8) submit to the Supervisory Council proposals for plans to inspect ARK members' compliance with the requirements of ARK standards and rules for entrepreneurial activities and ARK membership conditions;
9) ensure cooperation between the Commission, other ARK bodies and ARK members;
10) ensure the Commission's participation in ARK information disclosure activities within the Commission's competence;
11) exercise other powers prescribed by ARK's internal documents.

3.10. Deputy Chairs of the Control Commission, if any, shall:
1) participate directly in the Commission's activities and in inspections of ARK members' compliance with the requirements of ARK standards and rules for entrepreneurial activities and ARK membership conditions, including on-site inspections;
2) perform the Chair's duties during the Chair's temporary absence pursuant to ARK's Director's order on temporary performance of duties;
3) sign reports of inspections in which they participated;
4) exercise other powers prescribed by ARK's internal documents.

3.11. Control Commission members shall:
1) participate directly in the Commission's activities and in inspections of ARK members' compliance with the requirements of ARK standards and rules for entrepreneurial activities and ARK membership conditions, including on-site inspections;
2) sign reports of inspections in which they participated;
3) exercise other powers prescribed by ARK's internal documents.

4. Operating Procedure of the Control Commission

4.1. Control Commission members shall be independent when considering materials during inspections of ARK members. They shall have no direct or indirect interest in the monitoring results.
Employees or representatives of an ARK member shall not serve as Commission members inspecting that member.

4.2. A Control Commission member with an interest in inspection results, including an employee or representative of the ARK member being inspected, shall recuse themselves.

4.3. The Control Commission shall conduct a full, comprehensive and objective inspection of the ARK member's activities within the prescribed period in accordance with the Monitoring Regulations.

4.4. Control Commission members shall be liable for their unlawful actions when monitoring ARK members' activities in accordance with the procedure prescribed by the legislation and other regulatory legal acts of the Russian Federation and ARK's internal documents.

5. Challenging Actions or Omissions of the Control Commission and Its Members and Inspection Results

5.1. Actions or omissions of the Control Commission or its members in the performance of their official duties may be challenged within thirty days of

the occurrence of the relevant event by submitting a complaint to the Supervisory Council.

5.2. The complaint referred to in clause 5.1 of these Regulations shall be submitted in writing, stating specific information or facts concerning the challenged actions or omissions of the Control Commission or its members, and shall contain the complainant's substantiated arguments.

5.3. The period for considering the complaint referred to in clause 5.1 of these Regulations shall not exceed thirty days.

6. Final Provisions

6.1. These Regulations shall enter into force on the date of their approval, but not before information concerning ARK is entered in the state register of self-regulatory organizations in accordance with the requirements of Federal Law No. 315-ФЗ of 1 December 2007, 'On Self-Regulatory Organizations'.

6.2. Amendments to these Regulations shall be made by a decision of the Association's General Meeting of Members or the Supervisory Council in accordance with the legislation of the Russian Federation and ARK's Charter.

6.3. Such amendments shall enter into force on the date of their approval, unless the amendments specify different effective dates, but not before information concerning ARK is entered in the state register of self-regulatory organizations in accordance with the requirements of Federal Law No. 315-ФЗ of 1 December 2007, 'On Self-Regulatory Organizations'.

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